

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista – September 16, 2013

Attendance:

Member	Present
S. Bhatt	No
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	No
T. Cook	Yes
R. Davis	Yes
J. DiPinto	No
F. Dixon	Yes
B. Fasy	Yes
C. Flowers	No
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes
D. Hudson	No
A. Levin	No

Member	Present
K. Lewis	Yes
D. Link	No
A. Lubin	Yes
G. Marcozzi	Yes
J. Martin	Yes
C. Morgan	Yes
M. Morton	No
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	No
G. Simpson	No
M. George Smith	No
A. Staton	Yes
D. Swayze	No
J. Twilley	Yes
A. Visalli	Yes

Members in Attendance: 21

Members Absent: 12

Others Present: A. Aka, M. Brennan, P. Carter, H. Curran, M. DiMartino, J. Eisenbrey, V. Ford, D. Gregor, P. Jackson, K. Knight, B. Maxwell, B. Motyl, M. Pellowski, A. Penney, S. Scola, C. Stewart and members of the press.

Opening Business: Mr. Martin called the meeting to order at 3:10 p.m.

The minutes from the June meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report.

In his review of the Balance Sheet estimate, Mr. Ratledge noted that the FY2014 Appropriation is \$3,718.2 million and the FY2014 Spending Authority stands at 4,100.2 million. Subtracting the Reversions to the General Fund estimate of \$10.0 million, Encumbered estimate of \$34.0 million and Continuing estimate of \$248.3 million, the Expenditure estimate stands at \$3,807.9 million. This represents an increase of 4.08% over FY2013. (See Table 1a for complete details).

When reviewing the Function Sheet estimate, Mr. Ratledge reported that estimates for Salaries, Fringe Benefits, Pension, Debt Service, Grants, Medicaid, Contractual Services, Supplies and Materials and Capital Outlay increased in FY2014. He mentioned that the estimate for Medicaid, which rose by \$38.7 million compared to FY2013, should be watched closely. (See Table 1b for complete details.)

For informational purposes, Mr. Ratledge presented a series of charts which tracked the long-term revenue and expenditure forecasts. He reported that expenditures, which have outweighed revenues after FY2005, were projected to continue to do so over the next 4 years. Mr. Ratledge presented two additional charts, which disaggregated expenditures by Fund type and Department, and a final chart that showed the distribution of non-appropriated special funds expenditure for FY2012.

A motion was made, seconded and approved to accept \$3,807.9 million as the expenditure estimate for FY2014. This represents a \$149.4 million increase from FY2013.

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Aka reviewed the IHS Global Insight's U.S. macroeconomic forecast. He noted that assumptions made by IHS to derive their forecasts are reasonable: IHS assumes the sequester will end in December 2013; it also assumes the Federal Reserve's quantitative easing (QE) program will end in CY2014 and that Brent oil prices will drop in the ongoing calendar year. Mr. Aka noted that the outlook for most U.S. series were little changed from June. He pointed out that significant drops in Real GDP growth in FY2015 and Wages and Salaries growth in FY2014 were due to the allocation of the series across quarters.

While presenting the economic forecast for Delaware, Mr. Aka explained that the higher employment growth estimate for FY2014 is due to an upward revision of the number of jobs coming online in the banking sector. He noted that the higher employment growth estimate has led to higher estimates for the state's Personal Income and Wages and Salaries during FY2014.

Mr. Aka also presented a special topic pertaining to the likelihood of another U.S. recession in the current fiscal year. After presenting a series of charts displaying leading and coincident indicators, and taking into account the weak but positive outlook for the global economy, Mr. Aka concluded that there is a low risk of another U.S. recession in the near term. Such a conclusion bodes well for Delaware's revenues in economically-sensitive categories.

Finally, Mr. Aka presented the long term forecast for many economic variables. He pointed out the mean-reversion property of such series as the S&P 500 and Corporate Profits.

In response to a question from Mr. Hindes about the recent report by Moody's Analytics, which suggested that Delaware economy was "at risk of another recession," Mr. Aka said that the index developed by Moody's was a coincident index and thus not indicative of future economic activities. He also mentioned that Moody's is currently placing the likelihood of a recession in Delaware at 18%. Mr. Cook pointed to planned new jobs at Bank of America, JP Morgan Chase and Capital One as bright spots for the state's economy.

Ms. Davis Burnham asked whether IHS forecasts implied that the stock market would post positive growth rates after the end of the Federal Reserve's quantitative easing (QE) program. Mr. Dixon answered that the Federal Reserve will not end its QE program until it is certain that the overall economy is on a sustained positive trajectory. He questioned IHS' long term forecasts, which imply more than 9 years of continued expansion of the national economy.

Mr. Lewis suggested that perhaps the Department of Finance could address the tapering of the QE program and its effects on Delaware's asset portfolio as a special topic in the future.

General Fund Revenues - Fiscal Year 2014:

The Revenue Subcommittee recommended the following updates to June's estimates:

Revenue Category	Jun-13	Sep-13	Change
Hospital Board and Treatment	59.5	47.5	(12.0)
Lottery	237.1	227.1	(10.0)
Realty Transfer Tax	49.8	58.3	8.5
Cigarette Taxes	114.6	112.0	(2.6)
Limited Partnerships & LLC's	186.5	188.9	2.4
Public Utility Tax	44.6	47.0	2.4
Dividends and Interest	9.0	7.6	(1.4)
Franchise Tax	598.2	599.5	1.3
Bank Franchise Tax	103.3	103.9	0.6
Insurance Taxes	53.7	54.3	0.6
Corporate Fees	92.0	92.5	0.5
Uniform Commercial Code	17.5	17.2	(0.3)

For a complete listing of FY 2014 estimates, see Table 2b.

Adjustments to FY2014 Estimate:

Mr. Pellowski reviewed the reconciliation of the June DEFAC revenue estimates to legislative actions that were enacted in June and affect the FY2014 and FY2015 revenue forecasts. Within the Hospital Board and Treatment category, he reported that, due to an accounting change, an additional \$9.7 million will be recorded within a Special Fund resulting in a corresponding reduction in the General Fund outlook. Special Funds for Energy Efficiency, Farmland Preservation and Open Space will be reduced by a total of \$9.6 million, leading to a \$0.1 million reduction in the General Fund during the current fiscal year.

Mr. Pellowski said that Abandoned Property's contribution to the General Fund is now capped at \$514 million. This affects FY2015, cutting the prior General Fund estimate by \$36 million. In FY 2015, the new allocation of Hospital Board and Treatment revenues is estimated to reduce the General Fund's portion by \$10.6 million. (See Table 2a for complete details).

Discussion of FY 2014 Estimates:

Personal Income Tax: Mr. Lewis stated that the estimate was unchanged from June. The adjusted growth rate for PIT is 4.2%.

Franchise Tax: Mr. Lewis stated that the increase in the estimate reflected

under-forecasting of the FY2013 Franchise Tax collection.

Corporate Income Tax: Mr. Lewis stated that the estimate was unchanged from June. He noted that the FY2013 CIT estimate was higher than actual collections, as a result of delayed final settlements and weaker-than-expected tentative payments.

Bank Franchise Tax: Mr. Lewis stated that the increase in the estimate was due to a tracking change.

Gross Receipts Tax: Mr. Lewis said that the estimate was unchanged from June.

Lottery: Mr. Lewis stated that the decrease in the estimate was due to a tracking change as well as the effect of competition from neighboring states.

Abandoned Property: Mr. Lewis stated that the estimate was unchanged from June.

Hospital Board and Treatment: Mr. Lewis said that the decrease in the estimate was due to a combination of tracking change and the FY2014 Revenue Resolution.

Realty Transfer Tax: Mr. Lewis said that the increase in the estimate has to do with the fact that funds will stay in the Trust Fund instead of being transferred to a Special Fund.

Estate Tax: Mr. Lewis said that the estimate was unchanged from June.

Cigarette Tax: Mr. Lewis stated that the decrease in the estimate was due to a lower base.

Other changes were attributed to tracking.

FY 2014 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,732.4 million as the revenue estimate for FY2014.

The estimate represents an \$8.2 million decrease from DEFAC's June estimate. Mr. Lewis noted that most of the decrease can be attributed to changes in Lottery, Hospital Board and Treatment and Realty Transfer Tax.

General Fund Revenues - Fiscal Year 2015:

The Revenue Subcommittee recommended the following updates to June's estimates:

Revenue Category	Jun-13	Sep-13	Change
Abandoned Property	550.0	514.0	(36.0)
Hospital Board and Treatment	58.5	47.9	(10.6)
Lottery	236.8	227.8	(9.0)
Corporation Income Tax	213.2	208.2	(5.0)
Franchise Tax	598.2	593.5	(4.7)
Cigarette Taxes	113.5	109.8	(3.7)
Limited Partnerships & LLC's	195.8	198.4	2.6
Insurance Taxes	55.1	56.6	1.5
Public Utility Tax	46.1	47.0	0.9
Bank Franchise Tax	108.8	109.5	0.7
Corporate Fees	94.8	95.3	0.5
Dividends and Interest	9.9	9.5	(0.4)
Uniform Commercial Code	18.0	17.6	(0.4)

For a complete listing of FY 2015 estimates, see Table 2b.

Discussion of FY 2015 Estimates:

Personal Income Tax: Mr. Lewis said that the estimate for PIT was unchanged from June. He added that, although the distribution of collections between Estimated Payments, Withholding and Final Payments may change overtime, the estimate for PIT looks reasonable at this time.

Corporate Income Tax: Mr. Lewis stated that the decrease in the estimate was due to lower forecasts by IHS Global Insight for U.S. Corporate Profits in the outer years.

Abandoned Property: Mr. Lewis stated that the decrease in the estimate reflected legislative changes that capped the contribution of Abandoned Property to the General Fund at \$514 million.

Hospital Board and Treatment: Mr. Lewis stated that the decrease in the estimate was due to a legislative change.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2014 and maintaining previous growth rates.

FY 2015 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,769.1 million as the revenue estimate for FY2015.

The estimate represents a decrease of \$63.6 million from the June estimate. Mr. Lewis noted that most of the decrease can be attributed to legislative changes (\$46.6 million) as well as changes in three revenue categories (Lottery, Corporate Income Tax and Franchise Tax).

Balance and Appropriations Worksheet: Mr. Gregor presented both the FY2014 Budget and the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

Long Term Forecast: Mr. Gregor reviewed the 5-year forecasts for Net PIT, Net Franchise & LLC/LP, Bank Franchise, CIT, Gross Receipts, Lottery, Abandoned Property, Realty Transfer, Cigarette Tax, and Net General Fund.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: There was no change from the FY2014 Appropriation of \$342.5 million.

State Capital Expenditure: There was no change from the FY2014 Appropriation of \$191.7 million.

Federal Capital Expenditure: Mr. Motyl provided a FY2014 estimate of \$305.3 million and discussed the estimate in relation to the FY2014 Appropriation level of \$347.8 million. He contended that the estimate remains high because of various federalized programs that are run by the Department of Transportation.

GARVEE – US301 Capital Expenditure: There was no change from the FY2014 Appropriation of \$28.2 million.

A motion was made, seconded, and approved to accept \$867.7 million as the FY2014 TTF expenditure estimate. The estimate represents an increase of \$88.4 million from the FY2013 Actual. (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

FY2014 Estimates:

Toll Road Revenues: Increased from \$169.4 million to \$169.5 million. Mr. Motyl explains that the slight increase was due to tracking.

Motor Fuel Tax Administration: Decreased from \$117.8 million to \$114.1 million. Mr. Motyl explains that many factors such as demographics and increases in fuel efficiency explain the continued downward trend in this revenue category.

Division of Motor Vehicles: Increased from \$155.6 million to \$156.6 million. Mr. Motyl explained that the increase in the estimate is due to a rise in Motor Vehicle Document Fees on the back of strong vehicle sales. The estimate for Motor Vehicle Registration Fees was decreased because of a tracking change.

Other Transportation Revenue: Decreased from \$14.8 million to \$13.8 million. Mr. Motyl explains that the decrease in the estimate is due to lower net investment income, which in turn is due to lower yields.

A motion was made, seconded, and approved to accept \$454 million as the FY2014 TTF revenue estimate. The estimate represents a decrease of \$3.5 million from June's estimate.

FY2015 Estimates:

The following changes were made from the June estimate.

Toll Road Revenues: Increased from \$172.4 million to \$172.5 million.

Motor Fuel Tax Administration: Decreased from \$119.7 million to \$113.2 million.

Division of Motor Vehicles: Increased from \$160.2 million to \$161.4 million.

Other Transportation Revenue: Decreased from \$15.4 million to \$14.4 million.

A motion was made, seconded, and approved to accept \$461.5 million as the FY2015 TTF revenue estimate. The estimate represents a decrease of \$6.2 million from the June estimate. (See Table 5.)

Other Business:

Mr. Cook announced that former House Speaker Robert Gilligan has retired from DEFAC Board after serving on DEFAC for nearly 20 years. Several members recalled Mr. Gilligan's service to DEFAC and the state as a whole.

Mr. Martin announced the next scheduled DEFAC meeting dates:

- December 16, 2013
- March 17, 2014

There being no further business, Mr. Lewis adjourned the meeting at 4:25 p.m.

Respectfully submitted,

Arsene A. Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2013 (\$ in millions)															
<u>September 2013</u> (as of 09/16/13) DRAFT															
	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual		Sep	Dec	Mar	Apr	May	June			
Budget Act	3,362.9	3,091.5	3,305.3	3,508.6	3,586.8										
Cash to Bond Bill	83.4	0.0	91.0	115.3	53.4										
Grant-in-Aid	45.2	35.4	35.2	41.2	44.2										
Continuing & Encumbered (from prior years)	234.8	183.7	184.9	303.7	301.1										
Supplementals	0.0	0.0	0.0	0.0	0.0										
Fiscal Year Spending Authority	3,726.3	3,310.6	3,616.4	3,968.8	3,985.5									4,100.2	
LESS:															
Reversions to the General Fund	247.0	49.3	42.1	75.3	50.5										
Encumbered to next fiscal year	36.3	37.7	35.2	39.3	35.6		10.0								
Continuing to next fiscal year							34.0								
Operating Budget															
Bond Bill															
Total Continuing	147.4	147.2	268.4	261.8	240.9		248.3								
Subtotal	430.7	234.1	345.7	376.4	327.0		292.3	0.0	0.0	0.0	0.0	0.0			
Fiscal Year Budgetary Expenditures	3,295.5	3,076.5	3,270.7	3,592.4	3,658.5									3,807.9	
% increase/(decrease)		-6.65%	6.31%	9.84%	1.84%									4.08%	
Comments:															
Expenditures / Spending Authority	FY2009 88.4%	FY2010 92.9%	FY2011 90.4%	FY2012 90.5%	FY2013 91.8%		5-Yr Avg 90.6%							FY 2013 92.9%	
Reversions / Spending Authority	6.6%	1.5%	1.2%	1.9%	1.3%		2.8%							0.2%	
Encumbered / Spending Authority	1.0%	1.1%	1.0%	1.0%	0.9%		1.0%							0.8%	
Total Continuing / Spending Authority	4.0%	4.4%	7.4%	6.6%	6.0%		5.6%							6.1%	

Recommended by Expenditures Subcommittee;
September 16, 2013

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2014 (\$ in millions)												
September 2013 (as of 09/16/13) DRAFT												
	FY2010	FY2011	FY2012	FY2013	Sep FY2014	Difference 14 vs. '13	FY2014 YTD (actual 08/31/13)	% spent FY2014 YTD	% forecast FY2014 total	% of FY2013 total	% of FY2012 total	% of FY2011 total
Salaries	1154.7	1200.1	1,277.4	1,285.6	1,313.6	28.0	222.7	32.0%	34.5%	35.1%	35.6%	36.7%
Fringe Benefits	330.9	365.4	379.5	379.0	395.8	16.8	67.0	9.6%	10.4%	10.4%	10.6%	11.2%
Health Care	218.9	253.0	260.6	261.7	277.1	15.4	46.5	6.7%	7.3%	7.2%	7.3%	7.7%
Other	112.0	112.4	118.9	117.3	118.7	1.4	20.5	2.9%	3.1%	3.2%	3.3%	3.4%
Pension	196.7	222.2	252.9	271.9	281.6	9.7	49.6	7.1%	7.4%	7.4%	7.0%	6.8%
Debt Service	174.3	169.5	144.4	144.8	157.9	13.1	62.3	8.9%	4.1%	4.0%	4.0%	5.2%
Grants	276.6	327.3	364.0	372.8	377.7	4.9	87.2	12.5%	9.9%	10.2%	10.1%	10.0%
Medicaid	428.6	466.2	637.3	637.0	675.7	38.7	120.0	17.2%	17.7%	17.4%	17.7%	14.3%
Contractual Services	435.7	434.5	455.1	484.0	521.5	37.5	71.3	10.2%	13.7%	13.2%	12.7%	13.3%
Supplies & Materials	58.9	59.1	65.5	63.7	63.9	0.2	13.6	2.0%	1.7%	1.7%	1.8%	1.8%
Capital Outlay	20.1	26.4	16.3	19.6	20.2	0.6	3.0	0.4%	0.5%	0.5%	0.5%	0.8%
FY Budgetary Expenditures	3,076.5	3,270.7	3,592.4	3,658.5	3,807.9	149.5	696.7	100.0%	100.0%	100.0%	100.0%	100.0%
Comments:												

Table 2a.

Reconciliation of June DEFAC Revenue Estimates to FY 2014 Revenue Resolution

<i>DEFAC June 2013 Net Revenue Estimate</i>	<u>FY 2014</u>	<u>FY 2015</u>
	<u>\$3,740.6</u>	<u>\$3,832.7</u>
<i>Tax Policy & Accounting Changes</i>		
Hospital Board - Special Fund Transfers	(9.7)	(10.6)
Energy - Special Fund Transfers	1.6	0.0
Open Space - Special Fund Transfers	4.0	0.0
Farmland - Special Fund Transfers	4.0	0.0
Escheat Cap at \$514 million - SB 145	0.0	(36.0)
Total Legislative Adjustments to June DEFAC	<u>(0.1)</u>	<u>(46.6)</u>
Forecast with no Economic / Tracking Changes	<u>\$3,740.5</u>	<u>\$3,786.1</u>

Table 2b.
DEFAC General Fund Revenue Worksheet

September-13 DEFAC Meeting		FY 2014						
	FY 2013	FY 2013	FY 2013	B	C	D	E	F
Revenue Category	DEFAC Jun-13	A Actual Collections	Variance Actual - June	DEFAC Jun-13	% B over A	DEFAC Sep-13	% D over A	\$ Increase D over B
Personal Income Tax	1,319.2	1,318.9	(0.3)	1,368.7	3.8%	1,368.7	3.8%	0.0
Less: Refunds	<u>(182.0)</u>	<u>(179.1)</u>	<u>2.9</u>	<u>(196.2)</u>	9.5%	<u>(196.2)</u>	9.5%	0.0
PIT Less Refunds	1,137.2	1,139.8	2.6	1,172.5	2.9%	1,172.5	2.9%	0.0
Franchise Tax	604.2	605.6	1.4	598.2	-1.2%	599.5	-1.0%	1.3
Limited Partnerships & LLC's	177.6	179.9	2.3	<u>186.5</u>	3.7%	<u>188.9</u>	5.0%	2.4
Subtotal Franchise + LP/LLC	781.8	785.5	3.7	784.7	-0.1%	788.4	0.4%	3.7
Less: Refunds	<u>(9.3)</u>	<u>(8.7)</u>	<u>0.6</u>	<u>(11.0)</u>	25.8%	<u>(11.0)</u>	25.8%	0.0
Net Franchise + LP/LLC	772.5	776.7	4.2	773.7	-0.4%	777.4	0.1%	3.7
Business Entity Fees	89.3	89.8	0.5	92.0	2.4%	92.5	3.0%	0.5
Uniform Commercial Code	17.0	16.9	(0.1)	17.5	3.4%	17.2	1.6%	(0.3)
Corporation Income Tax	220.0	205.7	(14.3)	249.0	21.1%	249.0	21.1%	0.0
Less: Refunds	<u>(20.0)</u>	<u>(17.8)</u>	<u>2.2</u>	<u>(45.6)</u>	156.5%	<u>(45.6)</u>	156.5%	0.0
CIT Less Refunds	200.0	187.9	(12.1)	203.4	8.2%	203.4	8.2%	0.0
Bank Franchise Tax	103.8	103.5	(0.3)	103.3	-0.2%	103.9	0.4%	0.6
Gross Receipts Tax	226.3	226.3	(0.0)	233.6	3.2%	233.6	3.2%	0.0
Lottery	236.8	235.3	(1.5)	237.1	0.8%	227.1	-3.5%	(10.0)
Abandoned Property	566.5	566.5	0.0	514.0	-9.3%	514.0	-9.3%	0.0
Hospital Board and Treatment	57.3	59.7	2.4	59.5	-0.3%	47.5	-20.4%	(12.0)
Dividends and Interest	6.3	6.3	(0.0)	9.0	43.3%	7.6	21.0%	(1.4)
Realty Transfer Tax	43.3	42.3	(1.0)	49.8	17.9%	58.3	38.0%	8.5
Estate Tax	5.3	5.3	(0.0)	12.0	126.5%	12.0	126.5%	0.0
Insurance Taxes	51.9	53.9	2.0	53.7	-0.4%	54.3	0.7%	0.6
Public Utility Tax	43.7	44.5	0.8	44.6	0.3%	47.0	5.7%	2.4
Cigarette Taxes	119.0	115.2	(3.8)	114.6	-0.5%	112.0	-2.8%	(2.6)
Other Revenues	93.6	89.6	(4.0)	90.1	0.5%	91.9	2.5%	1.8
Less: Other Refunds	<u>(38.7)</u>	<u>(29.8)</u>	<u>8.9</u>	<u>(39.8)</u>	33.7%	<u>(39.8)</u>	33.7%	0.0
Net Receipts	3,731.1	3,729.8	(1.3)	3,740.6	0.3%	3,732.4	0.1%	(8.2)

Total Legislative Adjustments to June DEFAC (0.1)

Net September 2013 DEFAC Updates (\$8.1)

Table 2b.
DEFAC General Fund Revenue Worksheet

September-13 DEFAC Meeting	FY 2015					FY 2016				
	G	H	I	J	K	L	M	N	O	P
Revenue Category	DEFAC Jun-13	% G over B	DEFAC Sep-13	% I over D	\$ Increase I over G	DEFAC Jun-13	% L over G	DEFAC Sep-13	% N over I	\$ Increase N over L
Personal Income Tax	1,430.4	4.5%	1,430.4	4.5%	0.0	NA	NA	1,498.7	4.8%	NA
Less: Refunds	(206.0)	5.0%	(206.0)	5.0%	0.0	NA	NA	(219.4)	6.5%	NA
PIT Less Refunds	1,224.4	4.4%	1,224.4	4.4%	0.0	NA	NA	1,279.3	4.5%	NA
Franchise Tax	598.2	0.0%	593.5	-1.0%	(4.7)	NA	NA	593.5	0.0%	NA
Limited Partnerships & LLC's	195.8	5.0%	198.4	5.0%	2.6	NA	NA	208.3	5.0%	NA
Subtotal Franchise + LP/LLC	794.0	1.2%	791.9	0.4%	(2.1)	NA	NA	801.8	1.3%	NA
Less: Refunds	(11.0)	0.0%	(11.0)	0.0%	0.0	NA	NA	(11.0)	0.0%	NA
Net Franchise + LP/LLC	783.0	1.2%	780.9	0.5%	(2.1)	NA	NA	790.8	1.3%	NA
Business Entity Fees	94.8	3.0%	95.3	3.0%	0.5	NA	NA	98.1	2.9%	NA
Uniform Commercial Code	18.0	2.9%	17.6	2.3%	(0.4)	NA	NA	17.9	1.7%	NA
Corporation Income Tax	213.2	-14.4%	208.2	-16.4%	(5.0)	NA	NA	212.4	2.0%	NA
Less: Refunds	(42.6)	-6.6%	(42.6)	-6.6%	0.0	NA	NA	(42.6)	0.0%	NA
CIT Less Refunds	170.6	-16.1%	165.6	-18.6%	(5.0)	NA	NA	169.8	2.5%	NA
Bank Franchise Tax	108.8	5.3%	109.5	5.4%	0.7	NA	NA	115.1	5.1%	NA
Gross Receipts Tax	238.2	2.0%	238.2	2.0%	0.0	NA	NA	249.6	4.8%	NA
Lottery	236.8	-0.1%	227.8	0.3%	(9.0)	NA	NA	233.5	2.5%	NA
Abandoned Property	550.0	7.0%	514.0	0.0%	(36.0)	NA	NA	514.0	0.0%	NA
Hospital Board and Treatment	58.5	-1.7%	47.9	0.8%	(10.6)	NA	NA	46.8	-2.3%	NA
Dividends and Interest	9.9	10.0%	9.5	25.0%	(0.4)	NA	NA	11.9	25.3%	NA
Realty Transfer Tax	54.8	10.0%	54.8	-6.0%	0.0	NA	NA	60.3	10.0%	NA
Estate Tax	12.0	0.0%	12.0	0.0%	0.0	NA	NA	12.0	0.0%	NA
Insurance Taxes	55.1	2.6%	56.6	4.2%	1.5	NA	NA	63.0	11.3%	NA
Public Utility Tax	46.1	3.4%	47.0	0.0%	0.9	NA	NA	48.7	3.6%	NA
Cigarette Taxes	113.5	-1.0%	109.8	-2.0%	(3.7)	NA	NA	107.6	-2.0%	NA
Other Revenues	98.1	8.9%	98.1	6.7%	0.0	NA	NA	96.1	-2.0%	NA
Less: Other Refunds	(39.9)	0.3%	(39.9)	0.3%	0.0	NA	NA	(39.9)	0.0%	NA
Net Receipts	3,832.7	2.5%	3,769.1	1.0%	(63.6)	NA	NA	3,874.6	2.8%	NA

Total Legislative Adjustments to June DEFAC (46.6)
Net September 2013 DEFAC Updates (\$17.0)

FY 2015 Debt Limit: \$188,455

Table 2b.
DEFAC General Fund Revenue Worksheet

September-13 DEFAC Meeting	FY 2017					FY 2018				
	Q DEFAC Jun-13	R % Q over L	S DEFAC Sep-13	T % S over N	U \$ Increase T over Q	V DEFAC Jun-13	W % V over Q	X DEFAC Sep-13	Y % X over S	Z \$ Increase X over V
Revenue Category										
Personal Income Tax	0.0	NA	1,570.4	4.8%	1,570.4	NA	NA	1,645.5	4.8%	1,570.4
Less: Refunds	NA	NA	(233.7)	6.5%	NA	NA	NA	(248.8)	6.5%	NA
PIT Less Refunds	NA	NA	1,336.7	4.5%	NA	NA	NA	1,396.6	4.5%	NA
Franchise Tax	NA	NA	593.5	0.0%	NA	NA	NA	593.5	0.0%	NA
Limited Partnerships & LLC's	NA	NA	218.7	5.0%	NA	NA	NA	229.7	5.0%	NA
Subtotal Franchise + LP/LLC	NA	NA	812.2	1.3%	NA	NA	NA	823.2	1.3%	NA
Less: Refunds	NA	NA	(11.0)	0.0%	NA	NA	NA	(11.0)	0.0%	NA
Net Franchise + LP/LLC	NA	NA	801.2	1.3%	NA	NA	NA	812.2	1.4%	NA
Business Entity Fees	NA	NA	101.1	3.1%	NA	NA	NA	104.1	3.0%	NA
Uniform Commercial Code	NA	NA	18.3	2.2%	NA	NA	NA	18.7	2.2%	NA
Corporation Income Tax	NA	NA	216.6	2.0%	NA	NA	NA	223.1	3.0%	NA
Less: Refunds	NA	NA	(43.5)	2.0%	NA	NA	NA	(44.8)	3.0%	NA
CIT Less Refunds	NA	NA	173.2	2.0%	NA	NA	NA	178.4	3.0%	NA
Bank Franchise Tax	NA	NA	120.9	5.0%	NA	NA	NA	126.9	5.0%	NA
Gross Receipts Tax	NA	NA	261.6	4.8%	NA	NA	NA	274.7	5.0%	NA
Lottery	NA	NA	239.3	2.5%	NA	NA	NA	246.5	3.0%	NA
Abandoned Property	NA	NA	514.0	0.0%	NA	NA	NA	514.0	0.0%	NA
Hospital Board and Treatment	NA	NA	47.3	1.1%	NA	NA	NA	47.8	1.1%	NA
Dividends and Interest	NA	NA	14.9	25.2%	NA	NA	NA	18.6	24.8%	NA
Realty Transfer Tax	NA	NA	66.3	10.0%	NA	NA	NA	72.9	10.0%	NA
Estate Tax	NA	NA	12.0	0.0%	NA	NA	NA	12.0	0.0%	NA
Insurance Taxes	NA	NA	64.0	1.6%	NA	NA	NA	65.6	2.5%	NA
Public Utility Tax	NA	NA	51.1	5.0%	NA	NA	NA	53.7	5.0%	NA
Cigarette Taxes	NA	NA	105.4	-2.0%	NA	NA	NA	103.3	-2.0%	NA
Other Revenues	NA	NA	102.5	6.6%	NA	NA	NA	100.8	-1.6%	NA
Less: Other Refunds	NA	NA	(40.1)	0.5%	NA	NA	NA	(40.3)	0.5%	NA
Net Receipts	NA	NA	3,989.7	3.0%	NA	NA	NA	4,106.5	2.9%	NA

Table 3.
Balance and Appropriations Worksheet

FY 2014 BUDGET	
Budget	\$3,718.2
Grants	\$44.8
Supplemental	\$60.9
Total Appropriations	\$3,823.8
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$276.4</u>
Total Spending Authority	\$4,100.2

Table 3.

Balance and Appropriations Worksheet

FY 2014 EXPENDITURES		FY 2014 BALANCES		FY 2015 APPROPRIATION LIMITS	
Total Spending Authority	\$4,100.2	Total Expenditures	\$3,807.9	FY 2015 Revenue Estimate	\$3,769.1
Less: Continuing Appropriations & Encumbrances from FY 2014	(\$282.3)	vs. FY 2014 Revenues	3,732.4	Unencumbered Cash Balance from FY 14	\$76.5
Less: Reversions	(\$10.0)	Operating Balance	(75.5)	100% Appropriation Limit	\$3,845.6
Total Expenditures	\$3,807.9	Prior Year Cash Balance	\$635.9	98% Appropriation Limit	\$3,768.6
		Cumulative Cash Balance	560.4	Prior 98% Appropriation Limit	NA
		Less: Continuing Appropriations & Encumbrances from FY 2014	(282.3)	Increase (Decrease) from Prior Meeting	NA
		Less: Budgetary Reserve Account	(\$201.7)	Sept. 2013 98% Appropriation Limit	\$3,768.6
		Unencumbered Cash Balance 6/30	\$76.5	Increase (Decrease) from September 2013	NA

Table 4.

Delaware Department of Transportation										17%
FY 2014 Expenditures, Thru August 31, 2013										
	FY2012 Actual	FY2013 Actual	FY2014 Appropriation	SEPTEMBER FY2014 Forecast	\$ difference	\$ difference Forecast V. FY2013 Actual	FY2014 YTD Spend	% spent YTD		
Operations										
Debt Service	123.8	123.5	112.3	112.3	0.0	(11.2)	91.7	81.7%		
Personnel Costs	88.1	86.5	89.1	89.1	0.0	2.6	13.9	15.6%		
Operations/Capital Outlay	53.2	56.9	57.2	57.2	0.0	0.3	8.7	15.2%		
Transit Operations (DTC)	77.5	83.0	83.9	83.9	0.0	0.9	14.0	16.7%		
Total Expenditures - Operations	342.6	349.9	342.5	342.5	0.0	(7.4)	128.3	37.5%		
Capital (State)			CTP Spend							
Road System	144.7	134.6	108.2	108.2	0.0	(26.4)	16.3	15.1%		
Grants & Allocations	15.8	20.9	21.8	21.8	0.0	0.9	4.4	20.2%		
Support Systems	25.2	27.0	46.5	46.5	0.0	19.5	2.4	5.2%		
Transit	5.8	5.5	15.2	15.2	0.0	9.7	0.6	3.9%		
Total Expenditures- State Capital	191.5	188.0	191.7	191.7	0.0	3.7	23.7	12.4%		
Capital (Federal)			CTP Spend							
Federal Capital	213.2	214.5	347.8	305.3	(42.5)	90.8	30.0	9.8%		
Capital (GARVEE)			CTP Spend							
GARVEE - US301	35.7	26.9	28.2	28.2	0.0	1.3	0.7	2.5%		
Total Expenditures - Capital	440.4	429.4	567.7	525.2	(42.5)	95.8	54.4	10.4%		
TOTAL EXPENDITURES	783.0	779.3	910.2	867.7	(42.5)	88.4	182.7	21.1%		

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY 12	FY 13	% Chg.	Fiscal 2014			Fiscal 2015		
				6/17/2013 Approved	9/16/2013 Recomm	% Chg. FY 13	6/17/2013 Approved	9/16/2013 Recomm	% Chg. FY 14
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$115.3	\$117.4	1.8%	\$119.5	\$119.5	1.5%	\$121.8	\$121.8	1.9%
Route 1 Toll Road	44.9	46.2	2.9%	\$47.5	\$47.5	2.8%	\$48.1	\$48.1	1.3%
Concessions	<u>1.8</u>	<u>2.4</u>	<u>33.3%</u>	<u>\$2.4</u>	<u>\$2.5</u>	<u>5.2%</u>	<u>\$2.5</u>	<u>\$2.6</u>	<u>4.0%</u>
Total Toll Road Revenues	162.0	166.0	2.5%	\$169.4	\$169.5	2.1%	\$172.4	\$172.5	1.8%
<u>MOTOR FUEL TAX ADMIN.</u>									
	115.9	115.0	(0.8%)	\$117.8	\$114.1	(0.8%)	\$119.7	\$113.2	(0.8%)
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	71.1	77.6	9.1%	\$79.4	\$81.5	5.0%	\$81.8	\$84.0	3.1%
Motor Vehicle Registration Fees	46.6	47.6	2.1%	\$49.5	\$48.5	2.0%	\$51.0	\$50.0	3.1%
Other DMV Revenues	<u>25.0</u>	<u>25.5</u>	<u>1.8%</u>	<u>\$26.6</u>	<u>\$26.6</u>	<u>4.5%</u>	<u>\$27.4</u>	<u>\$27.4</u>	<u>3.0%</u>
Total DMV Revenues	142.7	150.6	5.5%	\$155.5	\$156.6	4.0%	\$160.2	\$161.4	3.1%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	11.3	11.3	(0.3%)	\$11.3	\$11.3	1.3%	\$11.4	\$11.4	0.9%
Investment Income(Net)	<u>3.2</u>	<u>2.2</u>	<u>(30.6%)</u>	<u>\$3.5</u>	<u>\$2.5</u>	<u>12.6%</u>	<u>\$4.0</u>	<u>\$3.0</u>	<u>20.0%</u>
Total Other Transp. Revenue	14.5	13.5	(7.0%)	\$14.8	\$13.8	2.3%	\$15.4	\$14.4	4.3%
<u>GRAND TOTAL</u>									
	\$435.1	\$445.1	2.3%	\$457.5	\$454.0	2.0%	\$467.7	\$461.5	1.7%
(\$3.5) (\$6.2)									